

**CANE RIVER  
NATIONAL HERITAGE AREA, INC.**

**FINANCIAL REPORT**

**SEPTEMBER 30, 2012 and 2011**

Cane River National Heritage Area, Inc.

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-4
Independent Auditor's Report	-	5-7
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	10
Statement of Activities-2012	B-1	11
Statement of Activities-2011	B-2	12
Fund Financial Statements		
Governmental Fund		
Balance Sheet-Governmental Fund	C	14
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	D	15
Statement of Revenues, Expenditures, and Changes in Fund Balance	E	16-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	F	18
Notes to Financial Statements	-	20-28
Other Required Supplemental Information		
Budgetary Comparison Schedule-General Fund-2012	G-1	30-31
Budgetary Comparison Schedule-General Fund-2011	G-2	32-33

Cane River National Heritage Area, Inc.

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Other Reports		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	H	35-36
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	I	37-38
Schedule of Findings and Questioned Costs	J	39-40
Summary of Prior Year's Findings	K	41
Schedule of Expenditures of Federal Awards	L	42
Notes to Schedule of Expenditures of Federal Awards	M	43

# CANE RIVER NATIONAL HERITAGE AREA, INC.

452 Jefferson Street  
Natchitoches, LA 71457

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Cane River National Heritage Area, Inc.'s annual financial report presents an overview and analysis of the Cane River National Heritage Area, Inc.'s financial activities for the years ended September 30, 2012 and 2011. The intent of the MD&A is to look at the Cane River National Heritage Area, Inc.'s financial performance as a whole. It should, therefore, be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Cane River National Heritage Area, Inc.'s operations.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Cane River National Heritage Area, Inc. as a whole and presents a longer-term view of the Cane River National Heritage Area, Inc.'s finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

### Government-Wide Financial Statements

- The Statement of Net Position presents all of the Cane River National Heritage Area, Inc.'s assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Cane River National Heritage Area, Inc.'s net position may serve as a useful indicator of whether the financial position of the Cane River National Heritage Area, Inc. is improving or deteriorating.
- The Statement of Activities presents information showing how the Cane River National Heritage Area, Inc.'s net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

### Fund Financial Statements

The services provided by the Cane River National Heritage Area, Inc. are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Cane River National Heritage Area, Inc., like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Cane River National Heritage Area, Inc. conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the Cane River National Heritage Area, Inc.'s finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Cane River National Heritage Area, Inc.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash and Cash Equivalents	\$ 413,452	\$ 828,238
Revenue Receivable	702,784	469,669
Capital Assets, Net of Accumulated Depreciation	<u>6,656</u>	<u>10,362</u>
Total Assets	<u>\$1,122,892</u>	<u>\$1,308,269</u>
LIABILITIES:		
Accounts Payable	\$1,055,726	\$1,198,518
Compensated Absences	<u>4,934</u>	<u>5,391</u>
Total Liabilities	<u>\$1,060,660</u>	<u>\$1,203,909</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 6,656	\$ 10,362
Unrestricted Net Position	<u>55,576</u>	<u>93,998</u>
Total Net Position	<u>\$ 62,232</u>	<u>\$ 104,360</u>

## Summary of Statement of Activities

	<u>2012</u>	<u>2011</u>
REVENUES:		
Intergovernmental-		
U.S. Department of Interior, NPS	\$591,000	\$623,000
State of Louisiana	0	99,609
Local Grants-		
Rapides Foundation	0	25,000
NHDDC	0	25,000
Interest & Miscellaneous	<u>10,218</u>	<u>13,380</u>
Total Revenues	<u>\$601,218</u>	<u>\$785,989</u>
EXPENSES:		
Personnel Costs	\$222,378	\$212,732
Office	88,802	113,993
Development & Interpretation	110,650	165,222
Creole Center	0	40,000
Marketing & Visitors Services	155,050	191,609
Other	<u>66,466</u>	<u>52,500</u>
Total Expenses	<u>\$643,346</u>	<u>\$776,056</u>
Change in Net Position	<u>\$ (42,128)</u>	<u>\$ 9,933</u>

- The Cane River National Heritage Area, Inc.'s assets exceeded its liabilities by \$62,232 at September 30, 2012 and \$104,360 at September 30, 2011.
- Unrestricted net position of \$55,576 at September 30, 2012 and \$93,988 at September 30, 2011 represent the portion available to maintain the Cane River National Heritage Area, Inc.'s obligation to both citizens and creditors.

### General Fund Budgetary Highlights

The Cane River National Heritage Area, Inc. has only one fund, a governmental fund, referred to as the General Fund. All operations of the Cane River National Heritage Area, Inc., including the purchase of any capital assets, are processed through this fund.

### Economic Factors and Next Year's Budget

The primary revenue source for the Cane River National Heritage Area, Inc. is federal appropriations through the National Parks Service. Any significant increase/decrease in the amount appropriated would be evident in the operations of the Cane River National Heritage Area, Inc.

### Contacting the Cane River National Heritage Area, Inc.

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Cane River National Heritage Area, Inc.'s finances and to show the Cane River National Heritage Area, Inc.'s accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Cane River National Heritage Area, Inc. at 452 Jefferson Street, Natchitoches, LA 71457.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### INDEPENDENT AUDITOR'S REPORT

To the Board of the Cane River National Heritage Area, Inc.

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cane River National Heritage Area, Inc. as of and for the years ended September 30, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Cane River National Heritage Area, Inc.'s basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund information of the Cane River National Heritage Area, Inc. as of September 30, 2012 and 2011, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cane River National Heritage Area, Inc.'s basic financial statements. The budgetary comparisons listed as other required supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The budgetary comparison statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2013, on our consideration of the Cane River National Heritage Area, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cane River National Heritage Area, Inc.'s internal control over financial reporting and compliance.

*Johnson, Thomas & Cunningham*

---

Johnson, Thomas & Cunningham, CPA's

July 28, 2013

Natchitoches, LA 71457

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

Cane River National Heritage Area, Inc.  
Statement of Net Position  
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS:		
Current Assets:		
Cash & Cash Equivalents	\$ 413,452	\$ 828,238
Revenue Receivable	702,784	469,669
Capital Assets, Net	<u>6,656</u>	<u>10,362</u>
Total Current Assets	<u>\$1,122,892</u>	<u>\$1,308,269</u>
LIABILITIES:		
Accounts Payable	\$1,053,310	\$1,190,302
Other Payables	2,416	8,216
Compensated Absences	<u>4,934</u>	<u>5,391</u>
Total Liabilities	<u>\$1,060,660</u>	<u>\$1,203,909</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 6,656	\$ 10,362
Unrestricted Net Position	<u>55,576</u>	<u>93,998</u>
Total Net Position	<u>\$ 62,232</u>	<u>\$ 104,360</u>

See notes to financial statements.

Cane River National Heritage Area, Inc.  
Statement of Activities  
Year Ended September 30, 2012

<u>Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities:				
Personnel Costs	\$222,378	\$0	\$220,750	\$ (1,628)
Travel & Training	16,466	0	16,500	34
Office Expense	88,802	0	36,709	(52,093)
Marketing & Visitors Services	155,050	0	156,391	1,341
Planning	50,000	0	50,000	0
Development & Interpretation	<u>110,650</u>	<u>0</u>	<u>110,650</u>	<u>0</u>
Total Governmental Activities	<u>\$643,346</u>	<u>\$0</u>	<u>\$591,000</u>	\$ (52,346)
General Revenues:				
Interest & Miscellaneous				<u>10,218</u>
Change in Net Position				\$ (42,128)
Net Position September 30, 2011				<u>104,360</u>
Net Position September 30, 2012				<u>\$ 62,232</u>

See notes to financial statements.

Cane River National Heritage Area, Inc.  
Statement of Activities  
Year Ended September 30, 2011

<u>Activities</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental Activities:				
Personnel Costs	\$212,732	\$0	\$219,778	\$ 7,046
Travel & Training	16,500	0	16,500	0
Office Expense	113,993	0	53,109	(60,884)
Marketing & Visitors Services	191,609	0	242,000	50,391
Planning	36,000	0	36,000	0
Development & Interpretation	165,222	0	165,222	0
Creole Center	<u>40,000</u>	<u>0</u>	<u>40,000</u>	<u>0</u>
Total Governmental Activities	<u>\$776,056</u>	<u>\$0</u>	<u>\$772,609</u>	\$ (3,447)
General Revenues:				
Interest & Miscellaneous				<u>13,380</u>
Change in Net Position				\$ 9,933
Net Position September 30, 2010				<u>94,427</u>
Net Position September 30, 2011				<u>\$ 104,360</u>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

Cane River National Heritage Area, Inc.  
Balance Sheet-Governmental Fund  
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets:		
Cash & Cash Equivalents	\$ 413,452	\$ 828,238
Revenue Receivable	<u>702,784</u>	<u>469,669</u>
Total Assets	<u>\$1,116,236</u>	<u>\$1,297,907</u>
Liabilities:		
Accounts Payable	\$1,053,310	\$1,190,302
Other Payables	<u>2,416</u>	<u>8,216</u>
Total Liabilities	<u>\$1,055,726</u>	<u>\$1,198,518</u>
Fund Balance:		
Unrestricted	<u>60,510</u>	<u>99,389</u>
Total Liabilities and Fund Balance	<u>\$1,116,236</u>	<u>\$1,297,907</u>

See notes to financial statements.

Cane River National Heritage Area, Inc.  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Total Fund Balance for the Governmental Fund at September 30	\$ 60,510	\$ 99,389
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:		
Equipment, Furniture and Fixtures	48,428	48,428
Less: Accumulated Depreciation	(41,772)	(38,066)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the Governmental Fund Balance Sheet		
Accrued Compensated Absences	(4,934)	(5,391)
Total Net Position of Governmental Activities at September 30	<u>\$ 62,232</u>	<u>\$104,360</u>

See notes to financial statements.

Cane River National Heritage Area, Inc.  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
REVENUES:		
Intergovernmental-		
U.S. Department of Interior, NPS	\$591,000	\$623,000
State of Louisiana	0	99,609
Grants-Local	0	50,000
Interest & Miscellaneous	<u>10,218</u>	<u>13,380</u>
Total Revenues	<u>\$601,218</u>	<u>\$785,989</u>
EXENDITURES:		
Administrative & Operations-		
Operating Expenses-		
Salary-President	\$ 62,734	\$ 60,487
Salary-Assistant	43,413	41,816
Salary-Project Coordinator	40,000	40,000
Salary Admin. Office Manager	28,184	26,528
Benefits	48,504	43,901
Dues & Membership	0	6,903
Meeting Space	1,813	1,658
Office Space	25,200	20,100
Insurance	7,500	4,693
Operating Expenses	0	14,650
Supplies	5,846	0
Storage Unit	135	0
Cleaning	145	1,815
Copier	2,019	0
Internet	839	853
Office Expenses	82	8,224
Postage	1,234	753
Repair & Maintenance	33	1,568
Telephone	9,324	9,329
Contractual	8,200	15,000
Administrative Fee-City	20,000	20,000
Travel & Training	0	16,500
Equipment	2,726	5,000

Continued next page.

Cane River National Heritage Area, Inc.  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance (continued)  
Year Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Marketing & Visitor Services-		
Marketing Materials	25,000	2,000
Membership	6,034	0
Office Assistant	10,000	0
Heritage Rangers/Office Assistant	10,000	25,000
Signage Maintenance	15,000	35,000
Directional/Informational Signage	40,000	0
Interns	0	15,000
Signage & Branding Implementation	7,421	79,204
Heritage Trail Guidebook	41,595	20,405
Printing	0	15,000
Travel & Training	16,466	0
Planning-		
Strategic Planning	50,000	0
Marketing Plan	0	36,000
Resource Inventory, Development & Interpretation-		
CRNHA Grants Program '11	0	50,000
CRNHA Grants Program '12	50,000	0
NHL Survey	0	50,000
CARI-NPS Music Festival	2,500	0
Exhibit/Public Outreach	18,000	0
Natchitoches Parish Comm. Garden	0	25,000
Military Heritage Project	0	28,000
Critical Needs	40,150	12,222
Creole Center-Operations, Research	<u>0</u>	<u>40,000</u>
Total Expenditures	<u>\$640,097</u>	<u>\$772,609</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (38,879)	\$ 13,380
Fund Balance-Beginning of Year	<u>99,389</u>	<u>86,009</u>
Fund Balance-End of Year	<u>\$ 60,510</u>	<u>\$ 99,389</u>

See notes to financial statements.

Cane River National Heritage Area, Inc.  
Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance of Governmental Fund to the Statement of Activities  
For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Total Net Change in Fund Balance at September 30, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$(38,879)	\$13,380
The change in Net Position reported for Governmental Activities in the Statement of Activities is different because:		
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Depreciation expense is	(3,706)	(3,706)
Decreases in accrued compensated absences are reflected as a decrease in expenses on the Statement of Activities, but are not reported in the Governmental Fund.	<u>457</u>	<u>259</u>
Total changes in Net Position at September 30, per Statement of Activities	\$(42,128)	\$ <u>9,933</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

Introduction:

Cane River National Heritage Area, Inc. is the management entity of the Cane River Heritage Area, a site designated by the Federal Government and intended to encourage historic preservation of the area in appreciation of the history and heritage of the site. The Cane River National Heritage Area encompasses approximately 116,000 acres.

Cane River National Heritage Area, Inc. is a State and Federally recognized 501(c)(3) non-profit corporation. It became the federally-approved management entity of the Cane River National Heritage Area on August 6, 2010. Cane River National Heritage Area, Inc. is governed by a board of directors in accordance with the Bylaws of the corporation; the board is comprised of not less than five (5) nor more than twenty-five (25) directors.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

The Cane River National Heritage Area, Inc. is a legally separate, non-profit, quasi-public corporation. Based on the criteria set forth in GASB Statement No. 14, the Cane River National Heritage Area, Inc. is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Cane River National Heritage Area, Inc. has presented its financial statements as a primary governing body, is legally separate, and is fiscally independent of other state and local governments. Accordingly, the Cane River National Heritage Area, Inc. is viewed as being fiscally independent for purposes of applying the reporting criteria of GASB No. 14.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Cane River National Heritage Area, Inc.'s governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

C. Fund Accounting-

The accounts of the Cane River National Heritage Area, Inc. are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Cane River National Heritage Area, Inc. maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

The major fund of the Cane River National Heritage Area, Inc. is described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Cane River National Heritage Area, Inc. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus and Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Cane River National Heritage Area, Inc. as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Cane River National Heritage Area, Inc. considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts and certificates of deposit of the Cane River National Heritage Area, Inc.

Capital Assets-

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Cane River National Heritage Area, Inc. maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, fixtures and equipment	5-10 years
-----------------------------------	------------

Compensated absences-

Fulltime employees of the Cane River National Heritage Area, Inc. earn vacation hours based on the number of years of continuous service. Sick leave shall be accrued by each full-time employee at a rate of 12 days per year. Vacation and sick leave may be accumulated from year to year. Upon termination/retirement, employees are entitled to be paid a maximum of 480 hours of sick leave, 480 hours vacation, and 240 hours of compensatory time. At September 30, 2012 and 2011, the recorded amount for compensated absences is \$4,934 and \$5,391 respectfully.

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

Equity Classifications-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net resources are available, management applies unrestricted net resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Cane River National Heritage Area, Inc. would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the Cane River National Heritage Area, Inc. adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

G. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

H. Recently Issued and Adopted Accounting Pronouncements-

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The adoption of GASB 64 does not have any impact on the Cane River National Heritage Area, Inc.'s current financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact on the Cane River National Heritage Area, Inc.'s financial statements.

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 63 does not have any impact on the Cane River National Heritage Area, Inc.'s financial statements, other than to change the name of the Statement of Net Assets.

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011. The Cane River National Heritage Area, Inc. does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the Cane River National Heritage Area, Inc.'s financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 although the Cane River National Heritage Area, Inc. elected to early implement statement 65 in calendar year 2012. The adoption of GASB 65 does not have any impact on the Cane River National Heritage Area, Inc.'s financial statements.

## 2. Capital Assets:

The following is a summary of changes in capital assets for the Cane River National Heritage Area, Inc. for the two-year period ended September 30, 2012:

	Balance 9-30-10	Additions	Deletions	Balance 9-30-11	Additions	Deletions	Balance 9-30-12
Capital Assets,							
Depreciated-							
Office Equipment	\$40,105	\$ 0	\$0	\$40,105	\$ 0	\$0	\$40,105
Office Furniture	8,323	0	0	8,323	0	0	8,323
Total Capital Assets	\$48,428	\$ 0	\$0	\$48,428	\$ 0	\$0	\$48,428
Accumulated Depreciation							
Net Capital Assets	34,360	3,706	0	38,066	3,706	0	41,772
Totals	\$14,068	\$3,706	\$0	\$10,362	\$3,706	\$0	\$ 6,656

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

3. Payables:

The following is a summary of accounts payable at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Operations '08	\$ 11,756	\$ 18,327
Operations '09	53,530	53,530
Operations '10	41,146	41,146
Operations '11	80,008	85,508
Operations '12	34,683	0
NPAACHI '11	0	18,750
Audit '11	5,500	0
Equipment '11	2,970	5,000
Equipment '12	2,274	0
Professional Services '08	0	322
Professional Services '09	0	12,000
Brochures '08	2,409	3,874
Brochures '09	14,625	14,625
Marketing Materials '10	0	1,197
Marketing Materials '11	15,523	16,016
Marketing Materials '12	17,500	0
Interns	0	142
Office Assistant	1,186	0
Heritage Rangers	5,523	16,783
Signage and Branding '08	13,761	27,701
Signage and Branding '09	12,541	25,000
Signage and Branding '10	48,635	48,635
Signage and Branding '11	35,000	35,000
Signage and Branding '12	55,000	0
Strategic Planning '11	0	36,000
Strategic Planning '12	49,746	0
Travel & Training '12	11,202	0
Critical Needs '08	41,512	41,512
Critical Needs '09	24,320	24,320
Critical Needs '10	43,370	43,370
Critical Needs '11	12,222	12,222
Critical Needs '12	40,150	0
Exhibit/Public Outreach '09	0	5,141
Exhibit/Public Outreach '10	0	7,500
Exhibit/Public Outreach '12	16,517	0
Landscape Conservation '07	3,592	5,092
Landscape Conservation '08	10,000	10,000
Landscape Conservation '09	10,000	10,000
Botanical Study CA2009-00	6,720	11,849
Texas & Pacific Depot '11	115,345	115,345

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

Accounts Payable (cont'd)-

Cane River Clean-Up '11	0	500
Yucca House Restoration	0	85,448
Geographic Information System	0	3,501
Archaeological Research	14,666	30,000
Probing Los Adaes '11	25,150	0
Fort St. John Baptiste	136	0
Williamson Museum	25,000	0
Military Heritage '11	0	5,105
NHL Survey '11	0	17,450
GCA2012-02 APHN	8,000	8,000
G2011-03 CR Creoles	247	5,926
G2011-04 NPAACH	0	1,083
G2011-05 Stabilization	10,000	10,000
G2011-06 Invest	5,142	9,782
G2011-07 Choctaw Apache	3,000	3,000
G2011-08 LA Studies	0	5,327
G2010-02 Caddo Cultural	763	4,044
G2010-04 Cedar Bend Plantation	6,437	11,174
G2010-05 2 <sup>nd</sup> Annual LA Studies	0	505
G2010-06 Breda Town Cemetery	5,000	5,000
G2010-07 Library Security	6,316	6,316
Grants 2008	0	21,828
Grants 2009	0	34,704
Grants 2010	4,851	5,350
Grants 2011	1,083	0
Grants 2012	50,000	0
Creole Heritage '11	0	40,000
Creole Liason '10	0	850
Creole-Operating '10	0	1,193
Civil War Homefront '11	0	5,000
DeBlieux Cemetery '11	0	3,216
Transportation Grant '11	0	350
Signage-Scenic Byways '09	1,866	3,379
Guidebook-Scenic Byways '09	2,170	22,857
Signage Install-Scenic Byways '09	734	8,515
Park Interpretive '11	2,183	5,000
CARI-Vascular Plant Survey '09	1,166	2,915
CARI-Publications	3,150	3,150
CARI-Paper & Textile Conservation	9,948	9,948
CARI-Paper & Textile Survey	2,592	2,591
CARI-Arch Catalog-Magnolia	1,761	1,761
Natchitoches Parish Community Garden	0	24,965
Creole Heritage Center	23,683	18,362
American Cemetery	0	16,300
Sub-Total	\$1,053,310	\$1,190,302
Other Payables	2,416	8,216
Total	<u>\$1,055,726</u>	<u>\$1,198,518</u>

Cane River National Heritage Area, Inc.  
Notes to Financial Statements  
September 30, 2012 and 2011

4. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits, and certificates of deposits. At September 30, 2012 and 2011, the Cane River National Heritage Area, Inc. had cash and cash equivalents (bank balances) totaling \$473,458 and \$843,094 respectfully. These deposits must be secured by Federal deposit insurance, or by the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The deposits at September 30, 2012 and 2011, were fully secured by FDIC Insurance:

	<u>2012</u>	<u>2011</u>
Cash	\$214,300	\$343,094
Certificates of Deposit	<u>259,158</u>	<u>500,000</u>
Total	<u>\$473,458</u>	<u>\$843,094</u>

5. Pending Litigation:

There were no civil suits seeking damages against the Cane River National Heritage Area, Inc. outstanding at September 30, 2012 and 2011.

6. Related Party Transactions:

The Cane River National Heritage Area, Inc. had no identified related party transactions for the years ended September 30, 2012 and 2011.

7. Compensation Paid to Board Members:

The members of the Board receive no compensation for their service.

8. Operating Lease:

For the year ended September 30, 2010, the Cane River National Heritage Area, Inc. had entered into a three-year operating lease with GMAC for a 2010 GMC Terrain. Monthly payments under this lease are \$483.37 per month.

9. Subsequent Events:

Management has evaluated events through July 28, 2013, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

## REQUIRED SUPPLEMENTAL INFORMATION

Cane River National Heritage Area, Inc.  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended September 2012

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental-			
U.S. Department of Interior, NPS	\$591,000	\$591,000	\$ 0
Interest & Miscellaneous	0	10,218	10,218
Total Revenues	<u>\$591,000</u>	<u>\$601,218</u>	<u>\$10,218</u>
EXPENDITURES:			
Administrative & Operations-			
Operating Expenses-			
Salary-President	\$ 61,547	\$ 62,734	\$ (1,187)
Salary-Assistant	42,515	43,413	(898)
Salary-Project Coordinator	40,000	40,000	0
Salary Admin. Office Manager	28,184	28,184	0
Benefits	48,504	48,504	0
Meeting Space	2,000	1,813	187
Office Space	25,400	25,200	200
Insurance	7,500	7,500	0
Operating Expenses	4,000	0	4,000
Supplies	0	5,846	(5,846)
Storage Unit	0	135	(135)
Cleaning	0	145	(145)
Copier	0	2,019	(2,019)
Internet	2,000	839	1,161
Office Expenses	0	82	(82)
Postage	0	1,234	(1,234)
Repair & Maintenance	1,000	33	967
Telephone	8,000	9,324	(1,324)
Contractual	12,200	8,200	4,000
Administrative Fee-City	20,000	20,000	0
Equipment	5,000	2,726	2,274

Continued next page.

Cane River National Heritage Area, Inc.  
General Fund  
Budgetary Comparison Schedule (continued)  
For the Year Ended September 2012

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Marketing & Visitor Services-			
Marketing Materials	25,000	25,000	0
Membership	6,000	6,034	(34)
Office Assistant	10,000	10,000	0
Heritage Rangers/Office Assistant	10,000	10,000	0
Signage Maintenance	15,000	15,000	0
Directional/Informational Signage	40,000	40,000	0
Signage & Branding Implementation	8,796	7,421	1,375
Heritage Trail Guidebook	41,595	41,595	0
Travel & Training	16,500	16,466	34
Planning-			
Strategic Planning	50,000	50,000	0
Resource Inventory, Development & Interpretation-			
CRNHA Grants Program '12	50,000	50,000	0
CARI-NPS Music Festival	2,500	2,500	0
Exhibit/Public Outreach	18,000	18,000	0
Critical Needs	<u>40,150</u>	<u>40,150</u>	<u>0</u>
Total Expenditures	<u>\$641,391</u>	<u>\$640,097</u>	<u>\$ 1,294</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (50,391)	\$ (38,879)	\$11,512
Fund Balance-Beginning of Year	<u>99,389</u>	<u>99,389</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 48,998</u>	<u>\$ 60,510</u>	<u>\$11,512</u>

See notes to financial statements.

Cane River National Heritage Area, Inc.  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended September 2011

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental-			
U.S. Department of Interior, NPS	\$623,000	\$623,000	\$ 0
State of Louisiana	150,000	99,609	(50,391)
Grants-Local	50,000	50,000	0
Interest & Miscellaneous	0	13,380	13,380
Total Revenues	<u>\$823,000</u>	<u>\$785,989</u>	<u>\$(37,011)</u>
EXPENDITURES:			
Administrative & Operations-			
Operating Expenses-			
Salary-President	\$ 63,673	\$ 60,487	\$ 3,186
Salary-Assistant	42,508	41,816	692
Salary-Project Coordinator	40,000	40,000	0
Salary Admin. Office Manager	28,718	26,528	2,190
Benefits	44,879	43,901	978
Dues & Membership	0	6,903	(6,903)
Meeting Space	1,500	1,658	(158)
Office Space	24,000	20,100	3,900
Insurance	5,000	4,693	307
Operating Expenses	33,000	14,650	18,350
Cleaning	0	1,815	(1,815)
Internet	0	853	(853)
Office Expenses	0	8,224	(8,224)
Postage	0	753	(753)
Repair & Maintenance	0	1,568	(1,568)
Telephone	0	9,329	(9,329)
Contractual	0	15,000	(15,000)
Administrative Fee-City	20,000	20,000	0
Professional Services	15,000	0	15,000
Travel & Training	16,500	16,500	0
Equipment	5,000	5,000	0

Continued next page.

Cane River National Heritage Area, Inc.  
General Fund  
Budgetary Comparison Schedule (continued)  
For the Year Ended September 2011

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Marketing & Visitor Services-			
Marketing Materials	2,000	2,000	0
Heritage Rangers/Office Assistant	25,000	25,000	0
Signage Maintenance	35,000	35,000	0
Interns	15,000	15,000	0
Signage & Branding Implementation	88,000	79,204	8,796
Heritage Trail Guidebook	62,000	20,405	41,595
Printing	15,000	15,000	0
Planning-			
Marketing Plan	36,000	36,000	0
Resource Inventory,			
Development & Interpretation-			
CRNHA Grants Program '11	50,000	50,000	0
NHL Survey	50,000	50,000	0
Natchitoches Parish Comm. Garden	25,000	25,000	0
Military Heritage Project	28,000	28,000	0
Critical Needs	12,222	12,222	0
Creole Center-Operations, Research	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Total Expenditures	<u>\$823,000</u>	<u>\$772,609</u>	<u>\$ 50,391</u>
Excess of Revenues over Expenditures	\$ 0	\$ 13,380	\$ 13,380
Fund Balance-Beginning of Year	<u>86,009</u>	<u>86,009</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 86,009</u>	<u>\$ 99,389</u>	<u>\$ 13,380</u>

See notes to financial statements.

## OTHER REPORTS

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Cane River National Heritage Area, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and the major fund as of and for the years ended September 30, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Cane River National Heritage Area, Inc.'s basic financial statements and have issued our report thereon dated July 28, 2013.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cane River National Heritage Area, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cane River National Heritage Area, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Cane River National Heritage Area, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Cane River National Heritage Area, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 12-01.

## **Cane River National Heritage Area, Inc.'s Response to Findings**

The Cane River National Heritage Area, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Cane River National Heritage Area, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Johnson, Thomas & Cunningham*

Johnson, Thomas & Cunningham, CPA's

July 28, 2013  
Natchitoches, Louisiana

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of the Cane River National Heritage Area, Inc.

#### **Report on Compliance for Each Major Federal Program**

We have audited the Cane River National Heritage Area, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cane River National Heritage Area, Inc.'s major federal programs for the years ended September 30, 2012 and 2011. The Cane River National Heritage Area, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Cane River National Heritage Area, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cane River National Heritage Area, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Cane River National Heritage Area, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Cane River National Heritage Area, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended September 30, 2012 and 2011.

### **Report on Internal Control over Compliance**

Management of the Cane River National Heritage Area, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cane River National Heritage Area, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cane River National Heritage Area, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Johnson, Thomas & Cunningham*

Johnson, Thomas & Cunningham, CPA's

July 28, 2013  
Natchitoches, Louisiana

Cane River National Heritage Area, Inc.  
Schedule of Findings and Questioned Costs  
Years Ended September 30, 2012 and 2011

I. SUMMARY OF AUDITOR'S RESULTS

The following summarize the audit results in accordance with OMB Circular A-133:

1. An unmodified opinion was issued on the financial statements of Cane River National Heritage Area, Inc. as of and for the years ended September 30, 2012 and 2011.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.
4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit did not disclose any findings related to federal awards that are required to be reported under OMB Circular A-133.
7. The following program was major for the years ended September 30, 2012 and 2011:
  - National Heritage Area Federal Financial Assistance (CFDA 15.939)
8. \$300,000 was the threshold used to distinguish Type A from Type B programs.
9. The Cane River National Heritage Area, Inc. did not qualify as a low-risk auditee.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance

*12-01 Late Submission of Report*

*Criteria* - Louisiana state law requires that the Cane River National Heritage Area, Inc. have an annual audit performed and submitted to the Legislative Auditor with six (6) months after the close of their fiscal year.

*Condition* - For the years ended September 30, 2012 and 2011, the Cane River National Heritage Area, Inc. did not submit their annual audit within six months after the close of their fiscal year.

*Effect* - The Cane River National Heritage Area, Inc. is not in compliance with state law.

Cane River National Heritage Area, Inc.  
Schedule of Findings and Questioned Costs (continued)  
Years Ended September 30, 2012 and 2011

*Cause* - In prior years, the Cane River National Heritage Area, Inc. was a Federal agency funded through the Department of the Interior, National Parks Service, and did not receive state funding. The organization has now become a not-for-profit entity and this is the first audit report to be submitted to the State.

*Recommendation* - The Cane River National Heritage Area, Inc. should institute procedures to ensure that the books and records are ready for the auditors within 45 days after the end of their fiscal year.

*Management's Response* - The Cane River National Heritage Area, Inc. has instituted procedures to ensure that the books and records are provided to the auditors within 45 days after the end of our fiscal year and will monitor audit to completion within the allotted time.

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No instances of noncompliance material to the federal statements were disclosed during the audit.

Cane River National Heritage Area, Inc.  
Summary of Prior Year's Findings & Questioned Costs  
September 30, 2012 and 2011

SECTION I: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

There were no findings or management letter comments in the prior year.

SECTION II: INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

There were no findings in the prior year.

SECTION III: MANAGEMENT LETTER

Not applicable.

Cane River National Heritage Area, Inc.  
Schedule of Expenditures of Federal Awards  
For the Years Ended September 30, 2012 and 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Assistance ID Number	Federal Disbursements/ Expenditures
<u>U. S. Department of Interior, NPS</u>			
National Heritage Area Federal Financial Assistance-			
National Heritage Area Preservation & Conservation Assistance - 2012	15.939		\$ 591,000
National Heritage Area Preservation & Conservation Assistance - 2011	15.939		623,000
<u>U. S. Federal Highway Administration</u>			
Louisiana Department of Transportation			
Interpretation & Identification of Cane River Heritage Trail - 2011		SB-LA07(001)	<u>99,609</u>
Total			<u>\$1,313,609</u>

Cane River National Heritage Area, Inc.  
Notes to the Schedule of Expenditures of Federal Awards  
Years Ended September 30, 2012 and 2011

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Cane River National Heritage Area, Inc. and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.